

Fund Source Report

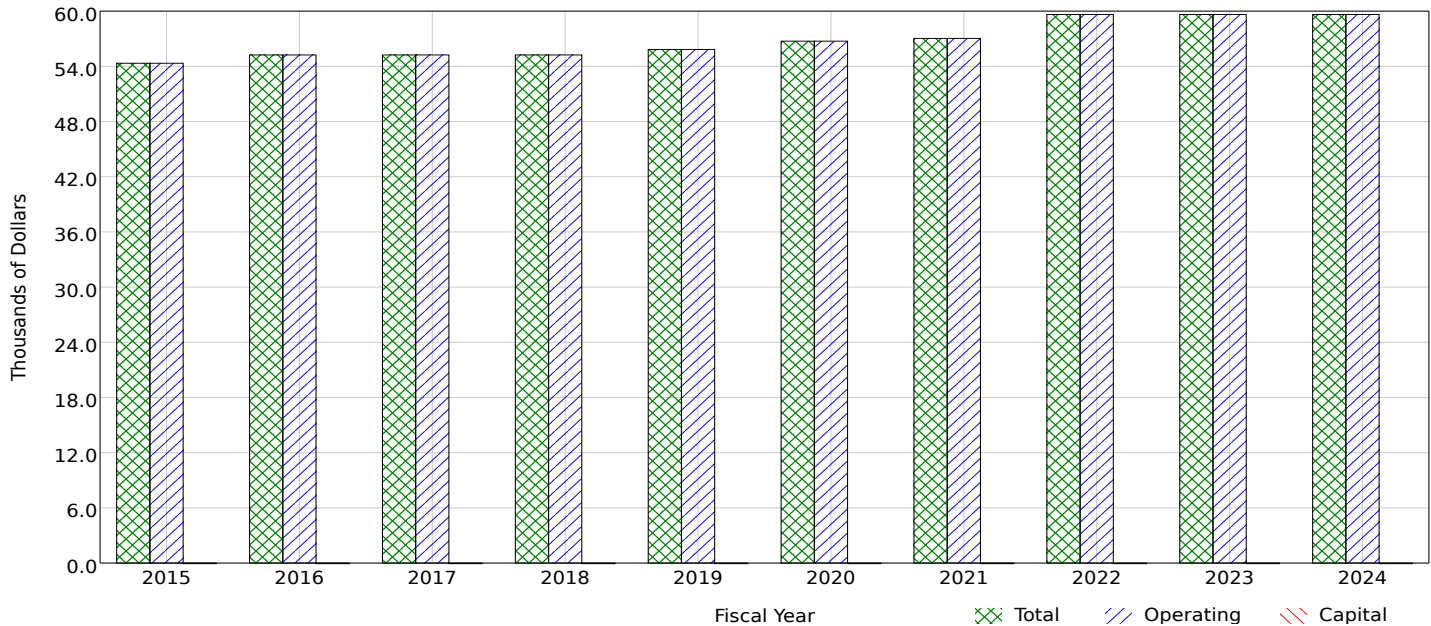
1074

Bulk Fuel

Bulk Fuel Revolving Loan Fund

Year Authorized 1980 Year Repealed Active? Yes Mental Health? No Duplicated? No Fund Group Designated General

Operating and Capital Appropriations



Legal Authority
AS 42.45.250-.299

Source of Revenue
Consists of money appropriated by the legislature and interest earned from repayment of loans.

Restrictions on Use
Short-term loans to assist communities in purchasing bulk fuel. A community, or an individual endorsed by a community, is eligible for a loan. Money may be appropriated to administer the program and to provide technical assistance to borrowers. Loans to a single borrower may not exceed \$750,000 per community or \$1.8 million total.

Description and History
In the late 1970's, the transformation of a significant portion of Alaska's new oil wealth into a "permanent fund of hydroelectric power projects" with dividends of perpetual inexpensive energy for Alaska was proposed. Inexpensive energy was seen as one of the best means for promoting economic development and the (never-constructed) Susitna Dam was the first project proposed to meet this goal. The Alaska Power Authority was created in 1976 with \$1 billion to spend on constructing a series of power projects. In 1993 the Authority and its projects were restructured to the funds relating to the Four Dam Pool and three additional energy-related funds, one of which is the Bulk Fuel Revolving Loan Fund.

The Bulk Fuel Revolving Loan Fund was established by Chapter 18, SLA 93 to make loans to assist small communities (population less than 2,000) purchase bulk fuel. A community, utility, or fuel retailer is eligible for a loan of up to \$100,000 from the bulk fuel revolving loan fund for the purchase of an emergency semi-annual or annual supply of bulk fuel to be used in the community. This loan fund is managed by the Alaska Energy Authority.

Loans must be repaid in one year or less. Fees and collection charges established to carry out this program are deposited in the general fund. The department may reduce the statutory interest rate.

December 2010
This fund code classification was changed from "Other" to "Designated General Funds" in the 2010 Budget Clarification Project. The use of this fund is designated in statutes; however, use of these funds is at the discretion of the legislature.

October 2016

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The bulk fuel bridge loan program was consolidated with this program in Ch 46 SLA 2012. The program is designed to serve communities/borrowers that have been denied a bulk fuel loan. Technical assistance to improve creditworthiness of borrowers is mandatory.

Administration of the program was transferred from the Alaska Energy Authority to the Department of Commerce, Community & Economic Development in FY14.